

RESEARCH

New York real estate maintains high demand despite high-end “pause”

October 2, 2015



Town Residential real estate listing

By FORREST CARDAMENIS

New York real estate prices fell 4.5 percent in the third quarter of 2015, but there is no cause for alarm, says brokerage firm Town Residential.

[Sign up now](#)

Luxury Daily

Town Residential's latest installment of The Aggregate report found that while the number may initially be foreboding, it is far more likely to be a blip on the radar that will help the city sustain high prices than it is to be indicative of a larger trend. While recent stock market drops had an effect on the highest end of the market, sale prices have increased year-over-year, and New York's luxury real estate is as healthy as ever.

“Rather than a price effect, I think the impact we experienced was a 'pause' at the very high end of the luxury market,” said Wendy Maitland, president of sales at **Town Residential**, New York. “While transactions continued at a swift pace at almost all price points, particularly in any segment perceived as ‘value,’ the \$5 million and above market saw fewer transactions, with the fewest being in the \$15+ million market, city wide.

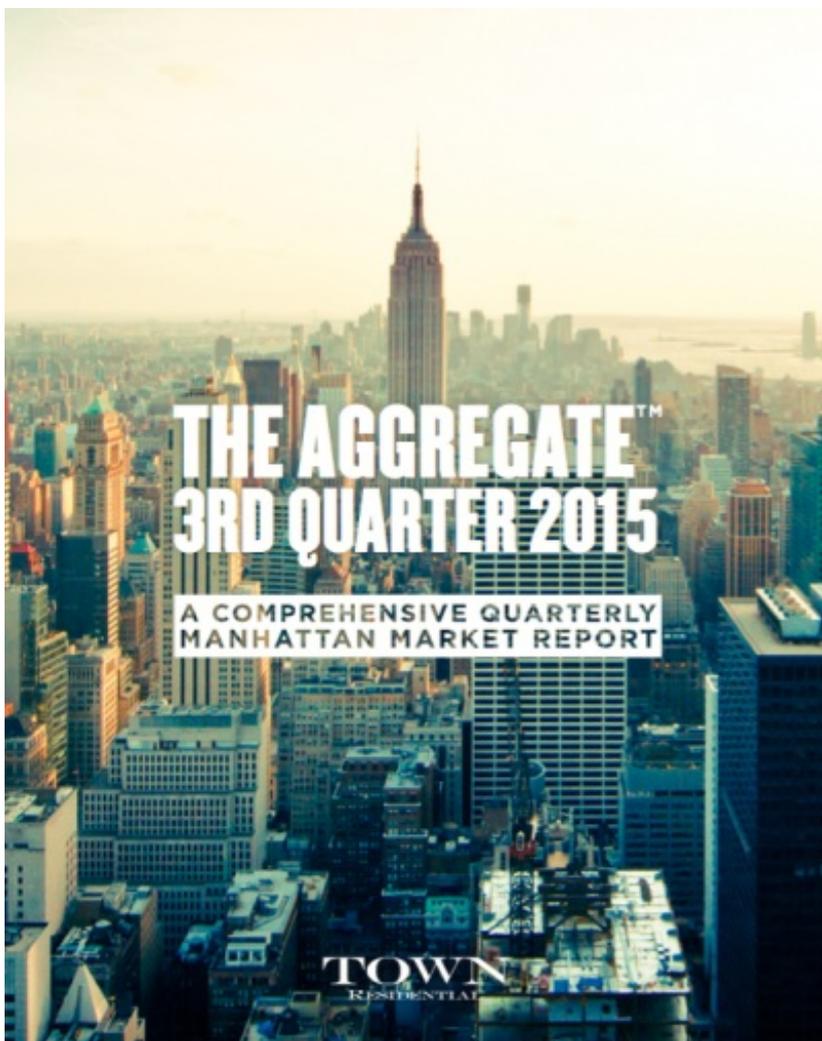
“This, combined with typical seasonal variances, is what affected the decrease in average price point in the third quarter, quarter over quarter, not a market wide price correction,”

she said.

“The Aggregate: 3rd Quarter 2015” uses a sampling of transactions to determine average and median sales price and price per square foot and median days on market for Manhattan properties during Q3 2015, with comparison to the previous quarter and Q3 2014 to determine year-over-year improvement. The report examines the overall market but also looks at condominiums and co-ops individually and also includes data by neighborhood and number of bedrooms.

Shop ‘til you drop

Despite a 4.5 percent drop in average sales price from the second to the third quarter of 2015, prices are still at 1.5 percent increase compared to the year-ago. Additionally, property is on the market for one week less than the previous quarter, representing the city's inventory shortage and high demand.



The Aggregate Q3 2015

In the second quarter of 2015, New York real estate prices generally saw a modest year-over-year increase, according to prior research from agency Town Residential.

In terms of pricing, the condominium market was healthy, with a smaller, 3.3 percent drop quarter-over-quarter, but a 7.4 percent rise year-over-year in average price. Median sales prices have had even larger increases with minimal change in price per square foot and days on market.

For co-ops, average prices have dropped somewhat noticeably, at just over 3 percent on the year and more than triple that compared to last quarter. But, price per square foot and a sharp drop in days on market indicate real estate is healthy.



66 Leonard Street, #2A, listed on Town Residential

Last quarter, The Aggregate found that the average sale price for a Manhattan co-op saw a 9.44 percent increase from the first quarter, rising to \$1.3 million, a 12 percent increase from the same period in 2014 ([see story](#)).

Larger decreases in average price compared to median price indicate fatigue or lack of availability on the highest end of the market. Fewer transactions above the \$5 million and \$15 million price points, the latter being potential outliers, will lead average price to approach median price.

“The year-over-year increase is more relevant and telling in terms of general market trends,” Ms. Maitland said. “Inventory continues to be restricted compared to buyer demand.”

“The release of new inventory in the new development sector is a slight relief to buyers in terms of upward pricing pressure, especially given that there are projects being offered in a diverse selection of price points, and in geographically diverse markets, such as Harlem and Brooklyn,” she said.



Town Residential listing, 159 W 118th St

“There are a few more options available; however, relative to the demand, I don't see it affecting prices significantly, if at all. More likely, it will stave off market wide price increases, and there may be a slight increase in seller flexibility in terms of willingness to negotiate, depending on the micro market segment and inventory/competition.”

Stock drops

The drop on the high-end can be partially attributed to recent economic shifts, and may indicate that the market, while still favoring sellers, is beginning to tip the other direction.

Previously, it was suggested that drops in the Shanghai Stock Exchange could lead Chinese consumers to flood western real estate, albeit not necessarily New York.

Even as there are fewer investments in real estate from abroad, the value of the homes being purchased continues to increase, according to the National Association of Realtors' [Economists' Outlook blog](#). This indicates that those who continue to invest in U.S. real estate from abroad are luxury consumers making larger investments.

The volatility of the stock market may not change that. With real estate prices trending up in New York, long a haven for foreign investments, and the Shanghai Stock Exchange continuing to trend down, New York and other western markets may be better investments for those worried about losing money in the stock market ([see story](#)).

A sampling of data from one quarter is far from enough to indicate a trend, but stocks losing value likely did play a part in luxury real estate purchases measured by The Aggregate.

“Foreign buyers continue to invest in the ‘high ground’ of the New York real estate market, given the city’s strong infrastructure and continued economic stability,” Ms. Maitland said. “I don't see that slowing down.”

“However, it's who is buying, and what they are buying that shifts with geopolitical and global economic developments,” she said. “Recent events have undoubtedly contributed to the pause at the uber high-end, while foreign buyers continue to be bullish on value, as

defined by triple A location, price point and emerging market plays, such as Brooklyn, where there's unprecedented opportunity to lock in a position in a rapidly rising market.”

Final Take

Forrest Cardamenis, editorial assistant on Luxury Daily, New York

Embedded Video: <https://www.youtube.com/embed/FIn4oBeUwUs>

© Napean LLC. All rights reserved.

Luxury Daily is published each business day. Thank you for reading us. Your **feedback** is welcome.